



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MAR 19 2004

VIA FIRST CLASS MAIL

Warren Gotcher, Esq.  
2626 14<sup>th</sup> Street  
P.O. Box 160  
McAlester, OK 74502

RE: MUR 4818  
Charlene Spears

Dear Mr. Gotcher:

On March 12, 2004, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter as it pertains to Ms. Spears.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply, and that this matter is still open with respect to other respondents. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in cursive script, reading "Margaret J. Toalson".

Margaret J. Toalson  
Attorney

Enclosure  
Conciliation Agreement

**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of

Charlene Spears

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MUR 4818

**CONCILIATION AGREEMENT**

This matter was initiated by a signed, sworn, and notarized complaint by Senators Don Nickles and James M. Inhofe, and Representatives Tom Coburn, Ernest Istook, Jr., Steve Largent, Frank D. Lucas, Wes W. Watkins and J.C. Watts, Jr., and their respective campaign committees. An investigation was conducted and the Federal Election Commission ("Commission") found probable cause to believe that Charlene Spears ("Respondent") knowingly and willfully violated 2 U.S.C. § 441f.

NOW, THEREFORE, the Commission and the Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

- I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.
- II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondent enters voluntarily into this agreement with the Commission.
- IV. The pertinent facts in this matter are as follows:

**Actors**

1. Charlene Spears was an employee at the Stipe Law Firm (the "Firm") located in McAlester, Oklahoma, and the personal secretary and executive assistant to

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Gene Stipe, a founding partner at the Firm and a former Oklahoma State Senator. Spears also significantly participated in the campaign of Walter L. Roberts. In the campaign Spears made decisions on campaign purchases and events, instructed staff and volunteers, and handled some of the campaign's banking, all at the direction of Gene Stipe.

2. Walter L. Roberts was a candidate for Oklahoma's Third Congressional District for the U.S. House of Representatives in 1998. Roberts is also an artist and was the owner of Walt Roberts Auction Company ("Auction Company"), located in McAlester, Oklahoma.
3. Walt Roberts for Congress was the political committee within the meaning of 2 U.S.C. § 431(4) for Roberts (the "Committee").
4. The primary election for the Democratic nomination to represent Oklahoma's Third Congressional District occurred on August 25, 1998. Roberts received the most votes in the primary, but not enough to avoid a runoff election, held on September 15, 1998, which he won. Roberts lost the November 3, 1998 general election.
5. Gene Stipe ("Stipe") was the founder of the Firm where he was a senior partner until 2003. Stipe was also an Oklahoma State Senator representing a portion of Southeastern Oklahoma, and a political mentor and friend to Roberts. Stipe was involved in running Roberts' campaign, from making strategic decisions to hiring and firing of staff.
6. Francis Stipe is Gene Stipe's brother.

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7. James E. Lane was the former majority leader of the Oklahoma State Senate and is a friend of Stipe and Roberts. Lane was an advisor to Roberts during the campaign.
8. Deanna Coxsey was an employee at the Stipe Law Firm and also performed administrative duties for the Roberts campaign, including collecting and depositing contributions, and signing campaign checks.
9. Anne Prather is an acquaintance of Spears and was hired by the Roberts campaign.
10. Louise Crosslin, now deceased, was a long-time friend and former business partner of Gene Stipe. For many years, Stipe has provided large sums of money to Crosslin.
11. Mike Blessington is an attorney who rents space and uses equipment of the Firm, and is a personal friend of Stipe.

Applicable Law

12. The Federal Election Campaign Act of 1971, as amended (the "Act"), makes it unlawful for any person to contribute to any candidate and his authorized political committee for Federal office more than \$1,000 per election. 2 U.S.C. § 441a(a)(1)(A). Nor can an individual make contributions aggregating more than \$25,000 in any calendar year. 2 U.S.C. § 441a(a)(3).
13. The Act also prohibits any candidate or political committee or agent thereof from knowingly accepting any contribution or making any expenditure in violation of the provisions of 2 U.S.C. § 441a. 2 U.S.C. § 441a(f).

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14. It is also unlawful for any person to make a contribution in the name of another, or for any person to knowingly permit his or her name to be used to make such a contribution. Moreover, no person may knowingly help or assist any person in making a contribution in the name of another. 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b)(1)(iii).

Factual Background

15. Over the course of several months in 1998, Gene Stipe made contributions to Walt Roberts for Congress, disguising them, with the help and assistance of Spears and others, as otherwise legitimate and non-related transactions.
- (1) In one scheme Stipe, with the assistance of Spears, made a \$67,500 contribution and disguised it through an elaborate "cattle sale" that never occurred. (2) In another scheme Stipe made a \$55,000 contribution and disguised it through a scam option contract. (3) Stipe also made surreptitious payments to Roberts for his personal expenses, (4) reimbursements to James E. Lane for Roberts' campaign expenses and (5) contributions disguised as a legitimate art auction, all with the assistance of Spears. (6) In addition, Stipe made \$45,689 in contributions by transferring the money to Spears who then transferred the money to 20 straw contributors. (7) Finally, contributions made in Spears' name were reimbursed by Stipe.
16. In or about March 1998, Walt Roberts for Congress was in need of money so that it could obtain matching funds from the Democratic Congressional Campaign Committee. Roberts communicated this need to Stipe and others.

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17. Beginning in March 1998 and continuing until October 1998, Spears was instructed by Gene Stipe to give money to other persons and ask them to contribute this money to Walt Roberts for Congress in their own names. Stipe provided Spears with cash and also authorized her to withdraw additional funds from his bank account. Sometimes, Spears provided Stipe's money directly to these persons, and other times Spears used intermediaries to deliver the money. Spears used the money given to her by Stipe and Crosslin to reimburse these persons. In sum, Spears gave more than \$38,239 to at least 20 persons who, at her direction, then contributed that money to Walt Roberts for Congress. The following table details the dates and amounts of some of the reimbursed contributions by the straw contributors.

Straw Contributor	Conduit	Amount of Contribution	Date of Contribution	Date Report filed with FEC
Jamie Benson	Spears	\$1,000	3/28/98	4/15/98
Jamie Benson	Spears	\$ 990	8/14/98	9/7/98
Doyle Carper	Spears	\$1,000	8/28/98	11/17/98
Doyle Carper	Spears	\$ 550	8/28/98	11/17/98
Joyce Carper	Spears	\$1,000	8/28/98	11/17/98
Joyce Carper	Spears	\$1,000	8/28/98	11/17/98
Gary Cunningham	Spears	\$1,000	10/20/98	12/3/98
Letha Cunningham	Spears	\$1,000	10/21/98	12/3/98
Gloria Ervin	Spears	\$ 980	8/17/98	9/7/98
Gloria Ervin	Spears	\$ 990	8/19/98	9/29/98
Marilyn Kinyon	Spears	\$1,000	10/29/98	12/3/98
Marilyn Kinyon	Spears	\$1,000	10/29/98	12/3/98
Marilyn Kinyon	Spears	\$1,000	10/29/98	12/3/98
Terry Kinyon	Spears	\$1,000	10/29/98	12/3/98
Terry Kinyon	Spears	\$1,000	10/29/98	12/3/98
Terry Kinyon	Spears	\$1,000	10/29/98	12/3/98

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Chart continued:

Gary McClennan	Spears	\$1,000	3/28/98	4/15/98
Gary McClennan	Spears	\$ 985	8/14/98	9/7/98
Ron McCoy	Spears	\$1,000	5/5/98?	9/29/98
Ron McCoy	Spears	\$ 900	8/14/98?	9/7/98
C. Montgomery	Spears	\$1,000	3/31/98	4/15/98
C. Montgomery	Spears	\$ 970	8/17/98	9/7/98
Anne J. Prather	Spears	\$ 990	9/2/98	11/17/98
Anne J. Prather	Spears	\$ 990	9/3/98	11/17/98
Anne J. Prather	Spears	\$ 100	10/17/98	12/3/98
Jack Russell	Spears	\$ 980	8/17/98	9/7/98
Jack Russell	Spears	\$ 990	8/18/98	11/17/98
Barbara Thetford	Spears	\$ 950	8/14/98	9/7/98
Barbara Thetford	Spears	\$1,000	8/31/98	2/28/99
Barbara Thetford	Spears	\$ 998	9/28/98	2/28/99
Dana Thetford	Spears	\$ 950	9/3/98	11/17/98
Dana Thetford	Spears	\$1,000	10/29/98	12/3/98
John Thetford	Spears	\$ 980	8/14/98	9/7/98
John Thetford	Spears	\$1,500	8/31/98	2/28/99
John Thetford	Spears	\$ 596	9/28/98	2/28/99
Mark Thetford	Spears	\$ 950	8/14/98	9/7/98
Mark Thetford	Spears	\$ 950	9/3/98	11/17/98
Mark Thetford	Spears	\$1,000	10/29/98	12/3/98
Shelley Dusenberry	Spears	\$ 950	8/14/98	9/7/98
Brenda Fields	Spears	\$1,000	10/12/98	10/21/98

18. In Spears' position at the Firm as the executive assistant to Stipe, she had considerable influence with employees and others working in the Firm. Some employees felt coerced into making contributions at Spears' request for fear of losing their job or face other detrimental action. Respondent admits that some people may have felt coerced into making the contributions for Stipe through Spears.
19. Spears also used money from Stipe to make two contributions to Walt Roberts for Congress in her own name. These included a \$1,000 contribution on March 3, 1998, and a \$950 contribution on August 14, 1998.

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20. As the executive assistant to Stipe, an employee at the Firm, and a significant participant in Roberts' campaign, Spears was knowledgeable of other schemes designed to funnel money from Stipe to Roberts and the Committee, and in many cases acted as an intermediary in getting Stipe's money to others.
21. In August 1998, Lane told Roberts that the campaign needed \$67,500 for to purchase media advertisements (the "media buy"). On August 6, 1998, Gene Stipe told Roberts that he could provide the \$67,500 to Walt Roberts for Congress for the media buy. Stipe then instructed Spears on the same day to pay Roberts \$67,500 from his personal bank account. On August 7, 1998, Roberts deposited the check from Stipe into the Auction Company's bank account, and then transferred \$67,500 to Walt Roberts for Congress. That same day, the Committee wired \$67,500 to a media company to for campaign advertisements. The Committee, through Roberts, reported the August 7<sup>th</sup> deposit of \$67,500 as a loan from Roberts' personal funds to the Committee.
22. Shortly thereafter, media began to scrutinize and question how Roberts could afford to provide \$67,500 to his campaign, which was more than a year of his salary. The press began to call Spears in her role with the campaign and ask her questions about this transaction. In a meeting with Gene Stipe, Eddie Harper, a partner at the Firm, Stipe told Roberts if he faced any questions about where the money came from, then he should say it was from "the sale of cattle," when no cattle sale, in fact, ever took place.
23. In late August, however, after increased media scrutiny, Gene Stipe directed Spears to tell Roberts to actually make a cattle purchase to hide the original



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contribution from Stipe. On August 27, 1998, Spears provided Roberts with two cashier's checks for \$40,900 and \$20,000, which were payable to and endorsed by Stipe. On or about the same day, Roberts purchased \$60,900 worth of cattle from sellers in Texas using these two cashier's checks. The cattle were ordered shipped to Stipe's ranch and arrived in early September. The purpose of this separate transaction was to conceal the fact that the initial \$67,500 was not for cattle but was actually a contribution by Stipe to the Committee.

24. On September 11, 1998, Walt Roberts held a purported art auction through his Auction Company. The event was held at the Ramada Inn in McAlester, Oklahoma. The asserted purpose of the auction was to sell sculptures created by Roberts to repay the \$67,500 "cattle loan" to Gene Stipe that had raised so much negative publicity. At Gene Stipe's direction, Roberts prepared a list of past buyers of his sculptures and gave that list to Spears. Gene Stipe also instructed Spears to recruit others to bid on items at the auction for which he would then reimburse, which she did. Spears then took Roberts' list and a separately prepared list of pre-determined bidders, and created invitations to the auction at the Firm, which she sent out. Of the 146 persons on the auction invitation list, 112 contributed to Walt Roberts for Congress either before or after the auction.

25. At the auction, a total of \$148,175 was raised by selling 27 sculptures and pieces of art. For example, Gene Stipe told Louise Crosslin that she should purchase anything she wanted at the auction and that he would pay for it.

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Crosslin subsequently won bids on several pieces, totaling \$35,250. Stipe then directed Spears to draw up a check for \$45,250 to Crosslin. Spears contends that \$10,000 of this was for Crosslin's "personal use" and that she had been instructed by Stipe to give money to Crosslin if she wanted it. Subsequently, at Spears' request, Roberts authorized Spears to contact the foundry that did the castings of his bronze sculptures, which she did. As directed by Gene Stipe, Spears used Stipe's money to also pay the foundry for cost of the casting of the art auction pieces. Later, those pieces were delivered to each respective bidder that was reimbursed with Stipe's money. At least \$77,500 of the funds received as a result of the auction were used for the campaign and his Committee.

26. On August 19, 1998, Spears was instructed by Gene Stipe to give Roberts a check for \$70,000 from Stipe's bank account, which Roberts deposited into his Auction House account. On the same day, \$55,000 of this money was used for campaign media purchases, but never disclosed on his campaign reports. Stipe and Roberts then agreed to sign a handwritten document known as an "Option Agreement." This document, drafted by Blessington and Stipe, claimed to give Stipe a one-half interest in Roberts' art work in exchange for annual \$35,000 payments. Later in August, 1998, Stipe and Roberts signed the alleged option contract, and dated it December 12, 1997. Both Stipe and Roberts knew and purposefully had the option contract drafted to hide Stipe's \$70,000 contribution and payment for the campaign media ads.

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27. In addition, from May to July, 1998, Spears was instructed by Gene Stipe to give four checks payable to Lane or "cash" from Stipe's bank account, totaling approximately \$24,000. Spears relayed Stipe's instruction that Lane should use this money to pay for campaign expenses of Walt Roberts for Congress. In May through July, 1998, Lane used these approximately \$24,000 worth of checks to pay for campaign expenses of Walt Roberts for Congress. Often Lane would use his personal credit card to pay for Roberts' campaign expenses, then paying the bill with monies he obtained from Spears.
28. In September 1998, Spears was instructed by Gene Stipe to give Lane five additional checks payable to Lane or "cash" from Stipe's bank account, this time totaling \$22,980. Lane received a check \$3,500 dated September 1, 1998, a check for \$2,490 dated September 3, 1998, a check for \$2,490 dated September 3, 1998, a check for \$9,500 dated September 9, 1998, and a check for \$5,000 dated October 12, 1998. In September and October 1998, Lane then used this money to pay for campaign expenses of Walt Roberts for Congress. Walt Roberts for Congress never reported either Lane's \$24,000 or Lane's \$22,980 in contributions made to pay campaign expenses as coming from Stipe or Lane.
29. During all of 1998, Spears was instructed by Gene Stipe to pay Roberts' personal and monthly expenses, totaling \$37,070. Third party payments of a candidate's personal expenses are contributions unless the payment would have been made irrespective of the candidacy. 11 C.F.R. § 113.1(g)(6). In the ten years preceding Roberts' congressional candidacy, Stipe did not pay for

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any of Roberts' personal expenses. Throughout the Commission's investigation and until approximately August, 2003, Spears continued as Stipe's instruction to make \$3,500 monthly payments to Roberts. Stipe continued making payments to Roberts during the Commission's investigation to hide the fact that the payments in 1998 were intended to further Roberts' candidacy.

30. Spears was also involved in another effort that resulted in a \$50,000 contribution to the Roberts' Committee. Spears was instructed by Gene Stipe to call William Layden, then owner of the McAlester Industrial Credit Corporation, a defunct corporation, to arrange a \$50,000 "loan" to the Roberts. Layden then contacted Francis Stipe, who agreed to give Layden \$50,000. Spears then called Roberts and informed him that Layden was loaning him \$50,000, and instructed him to pick up the money. Roberts reported this contribution as a candidate loan to the campaign from the McAlester Industrial Credit Corporation. On September 11, 1998, the same date that this contribution was deposited into the Committee's account, Roberts' campaign made \$34,000 in payments to several television stations for media purchases just days prior to the September 15 runoff election.
31. Subsequently, the Commission notified the Committee through Spears that the loan from the McAlester Industrial Credit Corporation was illegal because it did not come from an appropriate lender. To remedy this, Gene Stipe and Spears arranged to have for Roberts to sign a promissory note at a bank in McAlester for this loan, which he did, to give the loan the appearance of

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legitimacy. In reality, Gene Stipe signed a second promissory note for \$50,000 that was kept secret by the bank as the true source of collateral for the loan.

32. On March 6, 2003, Spears was charged with conspiracy to violate the Act and conspiracy to obstruct an investigation of the Commission in violation of 18 U.S.C. § 371. On March 21, 2003, Spears pleaded guilty to conspiracy to violate the Act, in misdemeanor violation of 18 U.S.C. § 371, and conspiracy to obstruct an investigation of the Commission, in felony violation of 18 U.S.C. § 371. On July 15, 2003, Spears received a sentence of three years probation for both counts concurrently, six months home detention with an electronic monitoring bracelet, and 200 hours of community service for her criminal actions.

#### Violations

V. Respondent Charlene Spears knowingly and willfully violated 2 U.S.C. § 441f by knowingly making and assisting others in making contributions in the names of others, and by knowingly permitting her name to be used to by Gene Stipe to make a contribution to Walt Roberts for Congress. Respondent Charlene Spears will cease and desist from violating 2 U.S.C. § 441f.

#### Civil Penalty

VI. The Commission has determined that the appropriate civil penalty in this matter is Two Hundred Sixty-Two Thousand Dollars (\$262,000.00), pursuant to 2 U.S.C. § 437g(a)(5)(B). Respondent Charlene Spears agrees that this civil penalty is appropriate in this matter. Respondent Charlene Spears contends, however, that financial hardship prevents her from paying

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this civil penalty and has submitted extensive financial documentation in support of this claim. The Commission regards this documentation as a material representation. Due to the mitigating circumstance pertaining to Respondent's material representation of her financial condition, the Commission agrees to depart substantially from the civil penalty that Respondent and the Commission agree is justified in this matter. Respondent will pay a civil penalty to the Federal Election Commission in the amount of Fifty Thousand Dollars (\$50,000.00) from her personal funds and without any reimbursement from Gene Stipe, pursuant to 2 U.S.C. § 437g(a)(5)(B).

In the event that this agreement is violated a civil penalty of Two Hundred Sixty-Two Thousand Dollars (\$262,000.00) shall be immediately due, pursuant to 2 U.S.C. § 437g(a)(5)(B).

Other Provisions

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. Respondent agrees to cooperate with the Commission in any future proceeding against any other person regarding the Respondent's involvement in the facts and circumstances related to this matter. Respondent agrees that the Commission's acceptance of this agreement is conditioned on the truthfulness and completeness of information provided to the Commission. Respondent further agrees that if she falsely states or fails to disclose material information concerning her involvement in the facts and circumstances related to this matter, or if she falsely stated or failed to disclose material information concerning her financial condition, such false statement or omission shall constitute a violation by Respondent of this agreement.

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IX. Respondent shall have no more than thirty days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party that is not contained in this written agreement shall be enforceable.

## FOR THE COMMISSION:

Lawrence H. Norton  
General Counsel

BY:

Rhonda J. Vording  
Rhonda J. Vording  
Associate General Counsel  
for Enforcement

3/18/04  
Date

## FOR THE RESPONDENT:

Charlene Spears  
Charlene Spears

1-26-04  
Date